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Message Text

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UNCLAS STATE 035843

TOSEC 383

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16 FEBRUARY 1975:

QTE

UNCLAS STATE 035843

TOSEC 393

E.O. 11652:N/A
TAGS: OVIP (KISSINGER, HENRY A.)
SUBJECT: MEDIA REPORT - SATURDAY FEBRUARY 15 EVENING AND
SUNDAY, FEBRUARY 16

FOR AMBASSADOR ANDERSON FROM S/PRS

NO. 27

1. MARVIN KALB (CBS TV, BONN VIA SATELLITE, SAT., FEB.
15, EVENING): HAK FLEW INTO BONN AIRPORT TONIGHT AFTER A
SUCCESSFUL STOP-OVER IN SAUDI ARABIA WHERE HE PRESSED THE
CONSUMER APPROACH TO LONG TERM OIL PURCHASES AT LOWER
PRICES AS WELL AS HIS CURRENT EFFORT TO ARRANGE ANOTHER
INTERIM AGREEMENT BETWEEN EGYPT AND ISRAEL. HERE, AS IN
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SAUDI ARABIA, THE SECRETARY WILL UNDERLINE HIS BELIEF
THAT THE OIL CONSUMING NATIONS MUST REDUCE THEIR DEPENDENCE
ON IMPORTED OIL OR ELSE, IN TIME, HE FEELS, THEY MAY BE
DRIVEN TO THE USE OF MILITARY FORCE, OR TO THE ACCEPTANCE

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OF POLITICAL SURRENDER. THE MOOD IN SAUDI ARABIA SEEMS SUBDUED, PERHAPS BECAUSE FAISAL RESENTED HAK'S RECENT THREAT TO CONSIDER USING FORCE AGAINST THE OIL PRODUCERS IF THE WEST FACES ECONOMIC STRANGULATION. FAISAL ALSO APPARENTLY RESENTED IMPLICATIONS THAT THE SECRETARY INTENDS TO BREAK UP THE OIL CARTEL. HAK SEEMED TO GET NOWHERE ON HIS PITCH FOR LOWER OIL PRICES BUT HE DID WIN

FAISAL'S SUPPORT FOR TRYING TO WORK OUT ANOTHER ISRAELI PULL-BACK IN THE SINAI. TOMORROW HAK MEETS WITH WEST GERMAN CHANCELLOR SCHMIDT TO DISCUSS A COMMON WESTERN APPROACH TO THE OIL CRISIS AND IN THE EVENING HE FLYS TO GENEVA WHICH MAY BE A FROSTY MEETING WITH SOVIET FM GROMYKO. IN THE LAST FEW DAYS THE RUSSIANS HAVE BLASTED HAK'S PEACE KEEPING EFFORTS IN THE ME.

NEWSPAPERS
1. NYTIMES - GWERTZMAN, PAGE ONE-RIYADH - 4-COLUMN PIC OF HAK MEETING WITH FAISAL LEAD: HAK MEETS FAISAL FOR TALKS ON LONG OIL PACTS; SUB-LEAD: HE DISCUSSES HIS PROPOSAL FOR PRODUCER-CONSUMER ACCORDS TO CUT PRICES - CONFERS WITH HUSSEIN - PARLEY WITH SAUDIS FOLLOWS VISIT TO JORDAN WHERE HE IS TOLD OF KING'S SUPPORT - TEXT EXCERPTS: HAK FLEW TO BONN TODAY AFTER DISCUSSING WITH KING FAISAL THE AMERICAN PLAN FOR LONG-TERM OIL AGREE-MENTS BETWEEN PRODUCERS AND CONSUMERS AT PRICES LOWER THAN THE CURRENT WORLD PRICE OF $11 A BARREL.

NEWSMEN WERE TOLD EARLIER THAT AT LEAST ONE MAJOR OIL PRODUCER HAD EXPRESSED INTEREST TO THE UNITED STATES IN SUCH AN ARRANGEMENT, STEMMING FROM THE RECENT AMERICAN PROPOSAL TO SET A MINIMUM FLOOR PRICE FOR OIL IN CONSUMING COUNTRIES THAT WOULD BE LOWER THAN CURRENT PRICES BUT HIGHER THAN WHAT MIDDLE EASTERN OIL USED TO COST.

IT COULD NOT BE LEARNED, HOWEVER, WHETHER THE COUNTRY
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THAT HAD EXPRESSED INTEREST WAS SAUDI ARABIA OR SOME OTHER PRODUCER.

THE FLOOR-PRICE IS DESIGNED TO SET THE PRICE OF OIL HIGH ENOUGH TO ENCOURAGE INVESTMENT IN OTHER SOURCES OF ENERGY BUT LOWER THAN THE CURRENT PRICE OF OIL ...

HUSSEIN GIVES VIEWS - HAK ARRIVED HERE FROM AQABA, WHERE HE WAS TOLD BY KING HUSSEIN OF JORDAN'S SUPPORT FOR HIS EFFORT TO BRING ABOUT A NEW EGYPTIAN-ISRAELI AGREEMENT ON SINAI. BUT KING HUSSEIN ALSO SAID JORDAN HAD NO INTEREST IN RETURNING TO THE GENEVA PEACE CONFERENCE SO LONG AS THE PLO HAD RESPONSIBILITY FOR RECOVERING THE WEST BANK

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OF THE JORDAN RIVER FROM ISRAEL.

AFTER THE MEETINGS WITH SAUDI OFFICIALS, HAK SAID AT THE RIYADH AIRPORT THAT HE WAS "ENLIGHTENED" BY KING FAISAL'S "VALUABLE VIEWS" ON HIS LATEST MEDIATION EFFORTS. SHEIK ZAKI, WHO SAW HIM OFF, SAID: "EVERY TIME WE MEET OUR FRIEND KISSINGER WE FEEL THAT HE LEAVES AMONG US A

GREATER CONVICTION OF HIS ABILITY AND HIS EFFORTS"...

HAK BELIEVES THAT THE RUSSIANS WILL PROBABLY INCREASE PRESSURE IN COMING WEEKS TO MAKE IT MORE DIFFICULT FOR HIM TO CONCLUDE EGYPTIAN-ISRAELI ACCORD THAT HAS OCCUPIED HIS TIME SINCE HE ARRIVED IN THE ME LAST MONDAY.

SPECIFICALLY, HAK EXPECTS SYRIA TO TRY TO DISCOURAGE EGYPT FROM MAKING AN AGREEMENT WITH ISRAEL PRIOR TO THE RECONVENING OF THE ME PEACE CONFERENCE AT GENEVA...

U.S. VIEWS CLARIFIED - ON THE OIL QUESTION, OF PARAMOUNT IMPORTANCE IN SAUDI-AMERICAN RELATIONS BECAUSE OF SAUDI ARABIA'S POSITION AS THE WORLD'S LARGEST EXPORTER OF PETROLEUM, HAK WANTED TO EXPLAIN THE AMERICAN THINKING ON PRODUCER-CONSUMER COOPERATION AND THE RECENT PRICE PROPOSALS SUBMITTED TO THE IEA IN PARIS.

HAK INTENDED TO STRESS THE DUAL AMERICAN CONCERNS-
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AVOIDING A CONFORMATION WITH PRODUCERS WHILE TAKING THE NECESSARY STEPS TO INSURE THAT THE WEST WOULD NOT BE HELPLESS IN CASE OF ANOTHER OIL EMBARGO ...

IT IS ASSUMED THAT SAUDI ARABIA, SEEKING GOOD LONGER-TERM RELATIONS WITH THE UNITED STATES, WOULD BE INTERESTED IN THIS KIND OF DEAL, BUT IT COULD NOT BE CONFIRMED THAT SAUDI ARABIA HAD IN FACT EXPRESSED INTEREST. MOREOVER, DETAILS AS TO HOW SUCH AN ARRANGEMENT WOULD BE NEGOTIATED, INCLUDING THE ROLE OF OIL COMPANIES, HAVE NOT BEEN WORKED OUT ...

HAK ARRIVED IN RIYADH AT A TIME WHEN VIGOROUS EFFORTS WERE BEING PURSUED TO IMPROVE RELATIONS BETUEEN THE U.S. AND SAUDI ARABIA. YESTERDAY AN AGREEMENT ON TECHNICAL COOPERATION WAS SIGNED, AND THE SAUDI MINISTER OF FINANCE AND NATIONAL ECONOMY, SHEIK MOHAMMAD ABA AL-KHAIL, WILL GO TO WASHINGTON IN THE COMING WEEK TO WORK OUT AN ECONOMIC COOPERATION AGREEMENT.

JOINT COMMISSIONS WERE SET UP LAST YEAR IN THE FIELDS OF ECONOMICS AND DEFENSE THAT HAVE BEEN USED AS A

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PATTERN FOR AMERICAN COOPERATION IN OTHER COUNTRIES.
CHARLES W. ROBINSON, THE UNDER SECRETARY OF STATE FOR
ECONOMIC AFFAIRS, ARRIVED HERE ABOARD HAK'S PLANE TO
EFFECTIVELY. MR. ROBINSON, WHO HAS BEEN TOURING THE
ME, JOINED MR. KISSINGER IN AQABA YESTERDAY. END NYTIMES.

2. WASH POST - BERGER, PAGE ONE - LEAD: HAK, FAISAL
TALK ON ENERGY, DATELINE BONN - 3-COLUMN PIC INSIDE
PAGE 27 HAK AND KING FAISAL - TEXT EXCERPTS: HAK MET
WITH KING FAISAL IN SAUDI ARABIA TODAY TO EXPLAIN HIS
LONG-TERM PROPOSALS FOR BREAKING THE DEPENDENCE OF THE
INDUSTRIALIZED WORLD ON OIL PRODUCERS AND TO DISCUSS AS
WELL POTENTIAL LONG-TERM PURCHASING AGREEMENTS.

EN ROUTE TO RIYADH, REPORTERS WERE TOLD THAT HAK WOULD
DISCUSS WITH FAISAL A LONG-TERM OIL-PRODUCING AGREEMENT
THAT WOULD GUARANTEE SUPPLY AND PRICES. THIS WAS INTER-
PRETED AS A STRATEGY DESIGNED TO BREAK THE OIL CARTEL,
WITH THE UNITED STATES CARRYING OUT SEPERATE NEGOTIAT-
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IONS WITH INDIVIDUAL PRODUCING STATES.

IT WAS ORIGINALLY INDICATED TO REPORTERS THAT THE U.S.
WOULD PROPOSE TO BUY SAUDI OIL AT A FIXED PRICE LOWER
THAN THE PRESENT WORLD PRICE OF ABOUT $10.80 A BARREL.
UNDER SUCH AN AGREEMENT, THE U.S. WOULD HAVE CONTINUED
TO PAY THE CONTRACT PRICE EVEN IF THE WORLD PRICE
LATER DROPPED BELOW IT.

FOLLOWING THE MEETING WITH FAISAL, HOWEVER, REPORTERS
WERE TOLD THAT HAK NEVER INTENDED TO TALK ABOUT A
BILATERAL DEAL BUT INSTEAD SPOKE IN BROADER TERMS
ABOUT THE ENTIRE ENERGY PROGRAM HE HAD ELABORATED EARLIER
THIS MONTH, WHEN HE CALLED FOR FLOOR PRICES FOR OIL
AND VARIOUS FORMS OF PRODUCER-CONSUMER COOPERATION.

AS HAK'S PLANE HEADED TOWARD BONN, STATE DEPARTMENT SPOKES
-MAN ROBERT ANDERSON DENIED THAT THE UNITED STATES WAS
ENGAGED IN ANY BILATERAL APPROACH TO THE PRODUCERS.

HAK,OBVIOUSLY SENSITIVE TO THE FACT THAT HE WAS
ARRIVING IN A EUROPE SOMEWHAT SUSPICIOUS OF U.S. MOTIVES,
WAS QUICK TO PUT OUT A DENIAL. PREVIOUSLY, HAK HAD
BERATED EUROPEAN NATIONS FOR TRYING TO GO IT ALONE IN
BILATERAL DEALS TO INSURE THEIR OWN OIL SUPPLIES ...

HAK SAID THAT IN DISCUSSING CONSUMER-PRODUCER RELATIONS
WITH FAISAL "THE U.S. ATTITUTE WILL BE ONE OF
CONCILIATION, COOPERATION AND TRADITIONAL FRIENDSHIP."

HE DID NOT IN ANY WAY, HOWEVER, PULL BACK FROM THE INTER-

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VENTION THREAT AND IT WAS STATED WITH CONSIDERABLE SATIS-
FACTION THAT HAK HEARD NO THREATS OF A NEW OIL EMBARGO
DURING HIS TRIP THROUGH THE ME.

APPARENTLY UPPERMOST IN HAK'S MIND AS HE FLEW TO
RIYADH FROM AQABA, WAS THE NEED TO BREAK THE DEPENDENCE
OF THE CONSUMING NATIONS ON THE PRODUCING NATIONS.
UNLESS THAT DEPENDENCE IS BROKEN, A HIGH OFFICIAL SAID,
THE WEST WILL HAVE NO CHOICE IN THE NEXT FIVE YEARS
BUT SURRENDER OR MILITARY ACTION.
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NOT SURPRISINGLY, HAK 'S RECEPTION IN SAUDI ARABIA,
AT LEAST FROM OUTWARD SIGNS - WAS NOT AS WARM AS IT HAS
BEEN IN THE PAST. THE CHILL MIGHT HAVE EMANATED FROM
THE TALK OF MILITARY INTERVENTION, WHICH OFFICIALS SAID
FAISAL RAISED, BUT IT COULD BE JUST A REFLECTION OF
PERSONALITIES ...

REPORTERS TRAVELING WITH HAK WERE TOLD THAT THE FLOOR
PRICE COULD BE AS LOW AS $6 A BARREL, A FIGURE THAT IS
A DOLLAR OR TWO BELOW THOSE THAT HAD BEEN MENTIONED IN
WASHINGTON.

HAK WAS ACCOMPANIED TO EGYPT, JORDAN AND SAUDI ARABI BY
UNDER SECRETARY OF STATE FOR ECONOMIC AFFAIRS
CHARLES S. ROBINSON AND THE NATIONAL SECURITY COUNCIL'S
ECONOMICS STAFF AIDE, ROBERT HORMATS. THEY ARE ON A
TOUR OF THE ME AND PERSIAN GULF AREA TO DEVELOP
PROJECTS FOR THE JOINT ECONOMIC COMMISSIONS THAT THE
UNITED STATES HAS ESTABLISHED WITH SOME COUNTRIES OF THE
REGION ...

REPORTERS WERE TOLD THAT HAK HAD ALSO ORDERED A STUDY
OF THE ARAB BOYCOTT OF BANKS AND INVESTMENT COMPANIES
HEADED BY JEWS. THIS HAS BECOME AN IMPORTANT ISSUE IN
FRANCE, WEST GERMANY AND BRITAIN, WHERE ARAB COUNTRIES
HAVE BARRED THESE BANKS FROM INVESTMENT CONSORT-
IUMS. IT WAS CONTENDED THAT IF THE ARAB COUNTRIES CAN
DISCRIMINATE AGAINST BANKS THEY CAN ALSO DISCRIMINATE
AGAINST NATIONS.

REPORTERS WERE TOLD THAT KISSINGER DOES NOT FEEL WELL
ENOUGH BRIEFED ON THE ISSUE TO DISCUSS IT DURING HIS
TRIP BUT THAT HE WOULD BE STUDYING ECONOMIC WARFARE AND
ITS USE FOR POLITICAL PURPOSES ... END WASH POST.

3. NYDAILY NEWS - CARTER - PAGE 2 - NO PIC - RIYADH -
LEAD: QUOTE HENRY TIES TO CUT OIL PRICE END QUOTE - TEXT
EXCERPTS: HAK TODAY DISCUSSED WITH KING FAISAL THE
POSSIBILITY OF MAKING A LONG-TERM DEAL TO BUY OIL AT A
GUARANTEED PRICE LOWER THAN THE $10.50 A BARREL NOW

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BEING CHARGED BY THE WORLD OIL CARTEL.

FAISAL'S REACTION TO THE PROPOSAL WAS NOT DISCLOSED, BUT IT WAS LEARNED THAT AT LEAST ONE OIL-PRODUCING COUNTRY HAS ALREADY SHOWN INTEREST IN ENTERING A LONG-TERM CONTRACT TO SUPPLY OIL FOR A LOWER PRICE THAN SET BY OPEC.

THE OFFER OF A GUARANTEED PRICE OVER ALONG PERIOD WAS A NEW PLOY TO TRY TO BRING DOWN THE PRICE OF OIL, WHICH HAS INCREASED FOUR-FOLD SINCE THE OCTOBER 1973 ARAB-ISRAELI WAR. WHETHER IT WILL WORK DEPENDS IN LARGE MEASURE ON FAISAL'S ATTITUDE ...

HAK FLEW HERE FROM AQABA, AFTER TALKS WITH KING HUSSEIN ABOUT JORDAN'S ROLE IN ME PEACEMAKING. THE WORD THAT HAK RECEIVED FROM HUSSEIN DID NOT ENCOURAGE ISRAEL'S HOPES THAT THE ISRAELIS WOULD BE ABLE TO MAKE A DEAL WITH JORDAN, ABOUT THE FUTURE OF THE OCCUPIED WEST BANK OF THE JORDAN...

JORDANIAN PM ZAID RIFAI SAID THAT "JORDAN FEELS AT THE MOMENT IT HAS NO ROLE TO PLAY," IN ME PEACEMAKING.

HE SAID THAT JORDAN WOULD NOT EVEN GO BACK TO THE GENEVA PEACE CONFERENCE IF IT WAS RECONVEND THIS SPRING, AS EXPECTED.

HOPEFUL OF AGREEMENT - BUT AFTER VISITS TO ISRAEL, EGYPT AND SYRIA, HAK WAS HOPEFUL THAT HE MIGHT BE ABLE TO WORK OUT A SECOND-STAGE DISENGAGEMENT AGREEMENT BETWEEN EGYPT AND ISRAEL BEFORE THE GENEVA CONFERENCE RECONVENES.

A HIGH OFFICIAL ABOARD THE SECRETARY'S PLANE CONCEDED THAT THE CHANCE MANY BE LESS THAN 50-50 BUT SAID THAT HAK SAID MORE CLEARLY AFTER THIS WEEK'S EXPLORATORY TRIP "WHAT MIGHT BE POSSIBLE." HAK WILL RETURN TO THE ME IN MID-MARCH FOR INTENSIVE NEGOTIATIONS.

SAUDI ARABIAN OIL MINISTER YAMANI, GREETING HAK ON HIS ARRIVAL IN RIYADH, SAID : "WE APPRECIATE HIS EFFORTS AND

WISH HIM THE BEST OF LUCK."

HAK RESPONDED BY SAYING THAT HE WOULD TELL KING FAISAL THAT THE UNITED STATES WAS DETERMINED TO CONTINUE EFFORTS TO RPINCE PEACE TO THE ME, AND ALSO THAT THE

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AMERICAN ATTITUDE IN NEGOTIATIONS BETWEEN OIL-CONSUMING AND OIL-PRODUCING COUNTRIES WOULD "BE ONE OF CONCILIATION, COOPERATION AND TRADITIONAL FRIENDSHIP."

COOPERATIVE PROJECTS - ACCOMPANYING HAK TO SAUDI ARABIA WAS CHARLES S. ROBINSON, UNDER SECRETARY OF STATE FOR ECONOMIC AFFAIRS. HE REMAINED IN RIYADH FOR TALKS ABOUT POSSIBLE COOPERATIVE PROJECTS - INCLUDING ONE FOR AGRICULTURAL DEVELOPMENT - THAT HAK HOPES TO GET STARTED, WITH THE IDEA THAT THEY WILL SOAK UP SOME OF THE HUGE DOLLAR SURPLUSES THAT SAUDI ARABIA HAS AMASSED FROM OIL SALES. END NYDAILY NEWS EXCERPTS.

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